



United States Attorney District of New Jersey

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CONTACT: Rebekah Carmichael

Office of Public Affairs

(973) 645-2888

FORMER NEW JERSEY REAL ESTATE AGENT SENTENCED TO 40 MONTHS IN PRISON FOR ROLE IN MORTGAGE FRAUD, PROPERTY-FLIPPING SCHEME

NEWARK, N.J. – A former New Jersey real estate agent was sentenced today to 40 months in prison in connection with a mortgage fraud and property-flipping scheme involving rental properties in Paterson, N.J., U.S. Attorney Paul J. Fishman announced.

Michael Eliasof, 66, formerly of Mahwah, N.J., and now of Boca Raton, Fla., previously pleaded guilty to one count of money laundering conspiracy before U.S. District Judge Jose L. Linares in Newark federal court. Eliasof conspired with several others to originate mortgage loans fraudulently and to launder proceeds of the loans during 2004 and 2005.

According to documents filed in this case and statements made in court:

From 2002 through 2005, Eliasof, then a Paramus, N.J., real estate agent, conspired with William Colacino (now deceased), a former Garfield attorney and municipal court judge; Melanie Gebbia, William Colacino's legal assistant; Gerald Carti, a former loan officer and shareholder of U.S. Mortgage Corp.; Frank Corallo, a former U.S. Mortgage loan processor; Amer Mir, a former loan officer of United Home Mortgage Co.; Norman Barna and Frederick Ugwu, who sold numerous Paterson properties through the scheme; William Ottaviano, an appraiser; Renford Davis and Hopeton Bradley (now deceased), who jointly managed many of the Paterson properties involved in the scheme; Claribel Morrobel, a recruiter for the scheme; and others. Barna, Bradley, Carti, Corallo, Davis, Gebbia, Morrobel and Ottaviano each pleaded guilty in connection with this scheme. Ugwu and Mir were convicted after a five-week jury trial in December 2009 in connection with their roles. Carti, Davis and Ottaviano were sentenced to 27 months, 15 months and six months in prison, respectively, for their roles in the conspiracy; the other defendants with pending cases are awaiting sentencing.

As the evidence at Ugwu's and Mir's trial established, beginning in March 2002 and continuing through October 2005, Eliasof obtained mortgage loans for various borrowers to purchase two- and three-family homes in Paterson, knowing that the borrowers would not qualify for the loans. Eliasof induced the borrowers to buy the Paterson properties by claiming that the properties would be good investments and that they would not have to pay deposits and closing costs, make monthly mortgage payments, or manage the properties because Eliasof would do that for them. In addition, Eliasof told borrowers they would receive monthly cash payments and a percentage of future sales profits when the properties were sold. To help borrowers qualify for mortgage loans, Eliasof prepared contracts of sale that included fictitious deposits and down payments. He also placed money into certain of their bank accounts to make them appear more

creditworthy.

During the scheme, Eliasof grossed millions of dollars in real estate commissions and payments to entities that he controlled for supposed repairs to the Paterson properties. Eliasof used much of this money to cover the carrying costs of the Paterson properties and to pay kickbacks and bribes. When problems arose with keeping the mortgage loans current, Eliasof would arrange to pay them off by refinancing them with new, fraudulent mortgage loans. In addition, by April 2004, to hide from the lenders how much money he was receiving from these transactions, Eliasof began diverting checks from the closings to himself. Eliasof also recruited others into the scheme, including Bradley, Davis and Morrobel, whom he encouraged to take over the management of the Paterson properties.

In addition to the prison term, Eliasof was sentenced to three years of supervised release and ordered to pay \$8,578,569.81 in restitution.

Eliasof's case is part of an ongoing investigation by the U.S. Department of Housing and Urban Development Office of Inspector General (HUD-OIG), the FBI, the U.S. Postal Inspection Service and IRS-Criminal Investigation into fraudulent Federal Housing Administration-insured and conventional mortgage loans originated by various New Jersey mortgage companies – including U.S. Mortgage and United Home Mortgage. The investigation has resulted in more than a dozen guilty pleas from New Jersey residents.

U.S. Attorney Fishman credited special agents of HUD-OIG, under the direction of Special Agent in Charge Joseph W. Clarke for the Mid-Atlantic region; special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward in Newark; inspectors of the U.S. Postal Inspection Service, under the direction of Acting Postal Inspector In Charge Thomas E. Boyle; and special agents of IRS-Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff, for the investigation leading to today's sentence.

The government is represented by Assistant U.S. Attorney Mark E. Coyne, formerly of the U.S. Attorney's Economic Crimes Unit and now Chief of the Appeals Division.

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Defense counsel: Michael Koribanics, Esq., Clifton, N.J.